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or 1,000 men $2\frac{1}{2}$ years to complete the job. This may be a common and fanciful method of attempting to comprehend a large sum of money but any plan is permissible that will convey, even in a degree, to the average mind the immensity of the contribution to human welfare which the American people have given and arranged for through the instrumentality of life insurance.

It must be remembered that thanks to the life insurance reserve plan, every one of these 22 billion dollars will actually and certainly be paid to beneficiaries if the premium payer fulfills his part of the contract. Last year the work of meeting this stupendous obligation went on at the rate of \$783,470 per working day in death claims. This steady stream of gold is being poured into the laps of the widows and orphans of our country at the rate of \$1,632 per minute for every eight hours of every working day in the year. Its volume is increasing daily under the influence of the life insurance missionaries who are at work in every city, village and hamlet of the land teaching thrift and the conservation of its fruits.

From this brief and informal review, an idea may be gained of the work life insurance has already done and is now doing in the field of thrift education. By closer cooperation between the various agencies concerned in this problem, including the press, much progress can be made. In this connection, policyholders would be wise to deposit their premiums in weekly or monthly installments in banks and have their premium payments made by the bank to avoid the possibility of lapsing through oversight. Some banks are already advertising for such deposits. Heretofore, when the rapid drive of American progress has run us into danger, wise leaders have set in motion a public sentiment or other force which has guided us safely from the threatening peril. Let us hope that a similar service may result from the thrift educational movement. May it take definite, permanent and national form and grow in strength and influence until its message is firmly fixed in the mind of every American.

SOME FALLACIES OF COMPULSORY HEALTH INSURANCE

BY FREDERICK L. HOFFMAN, LL.D.

STATISTICIAN, PRUDENTIAL INSURANCE COMPANY OF AMERICA

THE public discussion of compulsory health insurance has assumed an exceedingly dangerous phase. The discussion has become a question of practical politics in that it underlies a contemplated movement for state legislation more or less contrary to long-established principles of our government. Compulsion or coercion in matters of social

reform is antagonistic to our American conceptions of personal freedom in a democracy. Compulsion should be the last resort under any form of government, where voluntary effort can be relied upon to bring about more or less identical results. The remarkable progress which this country has made has been largely on the basis of voluntary effort and initiative; and the evidence is quite conclusive that the forces which are making for progress, whether social or economic, can be relied upon to achieve even more satisfactory results in the future than has been the case in the past.

It is most unfortunate that the arguments in favor of compulsory health insurance should represent almost exclusively the views of half a dozen men in sympathy with the aims and ideals of neither organized labor nor of industry. The views of half a dozen men can not be relied upon as representative for the country at large, least of all when the principles as well as the facts advanced in support of their contention are open to serious contradiction and dispute.

The arguments which have been brought forward in behalf of compulsory health insurance are sustained by an appeal to alleged facts and conditions which will not bear analysis. The documentary evidence is entirely sufficient for the purpose to disprove practically every important assertion or allegation made by the very small group of men in question, who are neither experts in social insurance nor in matters of labor legislation and reform. European institutions have a curious fascination for this group of men who at best have made but a superficial inquiry into the actual facts. It is easy to understand why European antiquities should attract American tourists, but it is difficult to realize at the present time why European social institutions should be suggested by American social reformers for imitation on the part of the citizenship of a free republic. If there is any one duty incumbent upon all who are concerned with the future of this country it is to *know America first*, and to thoroughly understand the facts and tendencies of our national life. Emphatic allegations as to the results achieved in European countries under social insurance are often difficult of contradiction on the part of the general public, out of touch with the documentary evidence or the results of actual experience.

A committee on social insurance was appointed by the American Association for Labor Legislation for the purpose of making a thorough and strictly scientific study of the subject. The committee during the three or four years of its investigations never concerned itself seriously with actual facts, but concentrated its efforts from the outset upon the perfection of a plan of compulsory insurance practically identical with the methods found more or less unsuccessful in European countries. The membership of the committee did not secure trustworthy information as to the workings in matters of detail of European plans of compulsory health insurance nor did it make an exhaustive investigation

into the workings of voluntary forms of thrift serving social insurance purposes in this country. In other words, the majority of the committee from the outset was determined to force upon the American people a compulsory system of health insurance after European models, regardless of the lack of necessity for such an innovation which, broadly speaking, must be considered contrary to the fundamental principles of government in a democracy.

At a time when all the energies of the people should be directed to public economy, it is proposed to inaugurate an enormous bureaucratic machine which in its ultimate ramifications would affect the entire life and well-being of the people. The contemplated legislation is made to rest upon the assertion that labor and health conditions in this country are thoroughly unsatisfactory. It is asserted in defense of the measure that "high sickness and death rates are prevalent among American wage-earners," when any one who runs may read that the American death rate at the present time is the lowest on record, and the death rate, broadly speaking, is a measure of the prevailing amount of serious illness. It is, therefore, to be categorically denied that, as asserted in the Brief for Health Insurance, "the amount of ill health at present existing among the wage-earners of America calls for vigorous social action for its cure and prevention," if the assertion means to imply that the only alternative is the establishment of compulsory health insurance. If the health conditions in industry or in the country at large are unsatisfactory, it is obviously because of the failure of the health and labor departments to do their duty; and the cure of whatever evils may exist lies in the direction of the enforcement of health and labor laws or their perfection, instead of in the establishment of a system of compulsory health insurance. But as a matter of fact, the existing amount of ill health in American industry is *not* excessive; nor, for that matter, in the country at large. This is but one of countless illustrations of the gross inaccuracy and obviously misleading character of the arguments brought forward in support of compulsory health insurance. There is neither the sanitary nor the economic necessity in this country for such a system which may possibly exist in certain European nations where wage-earners constitute a "class" separate and distinct from the remainder of the population.

It is also argued, for illustration, that "more extended provision for medical care among wage-earners is necessary," but no evidence is forthcoming that such care under existing conditions in this country constitutes a heavy burden on wage-earners' incomes or that the average income itself is insufficient to provide the medical attention required. Higher wages in the United States are of decidedly greater importance to wage-earners than a system of compulsory sickness insurance. Accepting the estimate of an annual income loss of \$800,000,000 on account

of wage-earners' sickness, it would only require a wage increase of 10 cents a day to more than meet this amount. The low death rate of this country is in itself evidence of physical good health and a flat contradiction of the statement by the secretary of the American Association for Labor Legislation that "we have awakened to find that the physical stamina which wrested the American continent from the dominion of primeval nature is very rapidly disappearing." This statement is contrary to the facts; and it is equally untrue to assert that "all available statistics show that all forms of chronic diseases are more prevalent in America than anywhere else in the civilized world, and are also increasing more rapidly than in any other civilized country in the world." There are no such statistics and the allegation is merely guesswork opinion.

The argument is advanced in the Brief for Health Insurance that additional efforts to prevent sickness are necessary. In so far as such efforts are a matter of urgent necessity the existing sanitary organization, whether local, state or federal, can be relied upon to perform an even better service than has heretofore been the case when more adequate appropriations are forthcoming and when the qualifications for professional sanitary service are raised to a higher standard.

The assertion by the secretary of the American Association for Labor Legislation in this connection that the campaign against tuberculosis in Germany through the cooperation of social insurance institutions "has been one of the most effective battles against tuberculosis that the world has even seen," is quite contrary to the facts, for in this country, *without* compulsory health insurance, a more pronounced decline in the tuberculosis death rate has been secured during the last quarter century since social insurance has been in operation in the German Empire. Between 1880-1913 the tuberculosis death rate of Massachusetts was reduced 23.8 per 10,000, whereas the corresponding reduction in the mortality from tuberculosis in Prussia was only 17.6 per 10,000. The mortality from pulmonary tuberculosis in the city of New York during the year 1916 was the lowest on record in the history of that city. We have every reason to feel proud of our sanitary progress, and the duration of life in this country is measurably increasing. A low death rate is the best possible indication of a relatively high degree of vital resistance and physical strength. It is therefore absurd to argue that the wage-earners of this country are suffering physical deterioration.

In his article in *The Forecast* Dr. Andrews makes the statement that "in England the insurance laws have also stimulated a powerful national crusade against tuberculosis." And that "so powerfully indeed has this system operated with regard to placing responsibility for sickness where it belongs, that all the forces of the community are united in a fight against it." As a matter of fact, there has thus far been no

intelligent coordination; and the general death rate of England increased from 13.3 in 1912 to 14.0 in 1914. The tuberculosis death rate was only reduced from 13.8 per 10,000 in 1912 to 13.6 in 1914. Infant mortality actually increased from 9.5 per cent. in 1912 to 10.5 per cent. in 1914. There were 107,000 cases of scarlet fever notified in 1912, against 165,000 in 1915; there were 44,600 cases of diphtheria notified in 1912, against 59,300 cases in 1914; there were 8,262 cases of typhoid fever in 1912 against 8,778 in 1914; and, finally, 2,184 cases of puerperal fever in 1912 against 2,338 in 1914. There was, therefore, by no means the remarkable sanitary progress anticipated in consequence of the passage of the Insurance Act of 1911, which went into operation in 1912; but, to the contrary, health conditions were less satisfactory after two years' experience than before.

A large number of persons are still outside of the operation of the act, as best illustrated in the statement that according to the annual report of the Local Government Board for 1914-15 the number of tuberculosis cases examined at the dispensaries of the metropolis was 3,168 for insured cases and 13,660 for uninsured cases. At dispensaries outside the metropolis 25,865 insured cases were treated against 34,644 uninsured cases. It is therefore grossly misleading to assert that the main purpose of the National Health Insurance Act of Great Britain was "the conservation of health." The main purpose of the act was and is to furnish pecuniary support and medical treatment at reasonable cost during continued illness. The act has *not* primarily concerned itself with the conservation of health or the prevention of disease.

It is said that "existing agencies can not meet these needs." As an argument in support of this point of view a very brief report is published on voluntary health insurance agencies in New York City by a woman investigator without technical knowledge of insurance methods and results and without the cooperation of the State Insurance Department. There has been *no* thorough and qualified investigation of existing voluntary methods of insurance or related forms of thrift serving social insurance purposes. In the words of Bolton Hall, whose impartiality in a matter of this kind can not be questioned, "of the means to thrift life insurance ranks first in importance." For, as he observes, "the fundamental principle of thrift is continuous effort." And he concludes: "Insurance is a universal providence." And since "the most serious hindrance to progress is the uncertainty of life, insurance discounts this uncertainty by making it possible for most persons to provide for dependent survivors; also for illness, accident and old age." The amount of insurance in this country is enormous; but it is only one of many forms of wage-earners' thrift. Constant progress is being made and every year the methods are being further developed to meet changing conditions and new requirements. If sickness insurance has

not been extensively developed in this country through trade unions, fraternal societies, etc., it is largely because of the absence of a real necessity for such a system in the case of the vast majority of American wage-workers and their dependents.

If the average amount of sickness is 9 days per annum, and if the average wages are assumed to be \$2 a day, then the annual financial loss per wage-worker is \$18, of which under a compulsory insurance system he would be repaid to the extent of \$12. That sum is not a sufficient economic inducement for the establishment of a universal system of sickness insurance. In more or less unhealthy trades, however, such as that represented by the International Cigar Makers' Union, sickness insurance benefits have been found advantageous, and since its organization that body has distributed over four million dollars in sick benefits, aside from more than four and a quarter million dollars of death benefits!

Throughout the country a large number of voluntary sickness insurance organizations have been established to the unquestionable advantage of their members. The benefits paid are usually small, so as to make sure that they shall not offer an inducement to malingering and fraud. Most unfortunate results in this respect have followed the introduction of every compulsory health insurance system, to the serious moral injury of those concerned; in other words, a liberal compulsory insurance system is a direct inducement to malingering and fraud, and the cost falls as a heavy burden upon the honest contributors, who, in each and every fund, constitute the vast majority of the membership.

It is entirely erroneous to maintain that "a large amount of disability exists among wage-earners on account of sickness," since the statistics of the Metropolitan Life Insurance Company for the cities of Rochester, Trenton and Boston indicate that the proportion of sickness of every degree is not now less than 3 per cent. When allowance is made for cases compensated for under workmen's compensation law, the proportion of really serious cases of illness among wage-earners falls below 2 per cent. per annum. Such a loss of labor time can easily be made good out of current wages, and the proper use of the credit function in the wage-earner's life.

Even more startling and misleading assertions are made by Dr. B. S. Warren, surgeon of the U. S. Public Health Service, who rests his propaganda for compulsory health insurance upon the obvious fallacy that "prevention is primarily the purpose of insurance." Prevention has nothing directly to do with insurance, which is simply an economic method for the equitable and rational distribution of losses. Dr. Warren, without any qualifications as an insurance expert, provides a provisional estimate to the effect that the annual cost of a liberal compulsory health insurance system will not exceed 50 cents a week. No

actuarial evidence has been forthcoming that this amount would be sufficient. According to Dr. Warren, modern industry is responsible for a considerable proportion of wage-earners' ill health. In so far as industry is responsible for occupational diseases, it is self-evident that such diseases should be provided for under workmen's compensation law, and not under a compulsory sickness insurance system. He also holds that irregular employment is a serious cause of ill health. No evidence has been forthcoming that there is a measurable relationship between unemployment and health. He concludes that a considerable proportion of our wage-earners are unable to provide a nourishing diet. If anywhere in the world wage-earners and their families are better provided for with wholesome and abundant food than in the United States, the evidence has not been forthcoming. If there is need of better education in nourishment or the nutritive value of food products, it is the duty of the medical schools of this country to provide such an education to the average medical practitioner. There is a vast amount of misleading information, but only a beginning has been made for intelligent instruction in the elements of a rational food economy. Experiments have shown that a healthy life can be maintained on a very much lesser proportion of expensive foods than has heretofore been considered possible. It, however, is wholly false to assert or to imply that "a considerable proportion of our wage-earners are unable to provide a nourishing diet."

Dr. Warren claims that poverty is the principal cause of disease. There is no evidence that there is any direct relation between poverty and the causation of typhoid fever, or of scarlet fever, puerperal fever, etc. Poverty and sickness unquestionably often complicate each other, but it is quite erroneous to maintain that poverty "is the principal cause of disease." Such a statement made by a physician of the Public Health Service is as regrettable as it is obviously misleading.

In the field of economics Dr. Warren's assertions are equally untrustworthy and contrary to the facts. He maintains, without any evidence whatever, that "employers generally have not measured up to their responsibilities." In no country in the world have employers of labor done more to improve health and working conditions than in the United States, and while much remains to be done, every foreign investigator comments upon the gratifying contrast between the sanitary condition of our factories and those abroad. Much of this is, of course, due to the fact that most of our large establishments at least are of modern construction, but nothing could be further from the truth than that "American employers generally have not measured up to their responsibilities."

Again and again Dr. Warren emphasizes his conclusion that the incomes of American wage-earners are insufficient for a healthy stand-

ard of living, yet no evidence has been forthcoming of physical deterioration, any more than allegations to this effect regarding the United Kingdom were found to be in accordance with the facts. The argument by Dr. Warren is finally summarized in the statement that "health insurance is essentially a public health measure." It unquestionably would be desirable to improve the health organizations of this country, whether federal, state or municipal; but such improvements as are desirable and as no doubt will be forthcoming in due course of time do not require or depend upon the establishment of a system of compulsory health insurance. As a matter of fact, such a system would seriously tend to disorganize existing health organizations and concentrate efforts upon matters only remotely related to the principal objects of sanitary science. In England the National Health Insurance Act has thoroughly disorganized the medical profession, and a vast amount of time which in former years was devoted to public discussions of medical problems is now required for interminable disputes concerning fees, prescriptions, over-prescribing, litigation, payment of bills, conflicts of interests, etc. What has compulsory health insurance to do with any of the essential elements of a public health administration? Among other objects, public health administration concerns itself with the collection, the removal and the disposal of refuse, garbage, etc., with soils and building sites, with warming and lighting, with air and ventilation, food and beverages, disinfection, the disposal of the dead, school hygiene, communicable diseases, hospitals and vital statistics. Why should any or all of these matters, of such urgent concern to all the people, be complicated as regards an effective administration by being included in the plan and scope of a compulsory health insurance system, primarily concerned with matters of pecuniary relief? In the words of Dr. I. M. Rubinow, in his work on "Health Insurance Standards," "the insured workman himself almost invariably looks upon the insurance plan from an entirely different angle, and while admitting in a half-hearted way that the medical feature has its value, is very much more concerned with the size of the weekly benefit he may expect when he is compelled to lay off because of ill health." This is a true statement regarding the underlying interest of wage-earners in any and all forms of compulsory insurance; and the statement flatly contradicts the assertion by Dr. Warren that compulsory health insurance is "essentially a public health matter." Unquestionably under the proposed plan there would be a very material increase in functions and an extensive bureaucratic organization would come into existence with the result that the life and daily activity of each and every wage-earner would be made more or less a matter of governmental supervision and control. Dr. Warren quotes a statement regarding the national health insurance administration of England, that the new system touches "nearly every field of human endeavor," but he

might have said with more truth that in course of time the system is certain to change into one of drastic individual medical supervision and control. According to Dr. Lambert no wage-earner in receipt of sick benefit can return to work without having first been examined by the medical referee, so that the services of an outside physician are interposed between the confidential relations of the sick patient and his family physician. In actual experience it would unquestionably be found that the results would *not* benefit the workmen but primarily the new bureaucratic organization which in course of time would be converted into a huge political machine.

These observations and conclusions are sufficient for the purpose of emphasizing the thoroughly untrustworthy nature of the arguments brought forward in support of compulsory health insurance. In contradiction of the assertions regarding the necessity for such a system it is maintained that far more satisfactory results can be secured by further improving existing methods and agencies serving practically identical purposes as those provided for under the contemplated system of compulsory health insurance.

It is not in the direction of new governmental agencies that there lies much if any hope for a betterment of existing conditions; but in the most thoroughgoing efficiency of existing methods, whether governmental or otherwise, serving social insurance purposes. By improving our health organization in the direction of more intelligent coordination of local, state and federal activities a vast amount of benefit may easily be made to result at relatively small expense. Such improvements are infinitely more desirable than the possible reduction in the sickness or the death rate through the medium of an exceedingly costly and burdensome system of social insurance. If the economic condition of our wage-earners is not what it should be, the struggle for higher wages and shorter hours through intelligent methods of collective bargaining is deserving of encouragement and the results thus secured will tend decidedly more to the advantage of wage-workers and their dependents than benefits gained by indirection through the establishment of a bureaucratic system of health insurance on the principle of coercion or compulsion, as the case may be.

The propaganda for compulsory health insurance has *not* the endorsement of the American Federation of Labor, which may justly be considered entitled to the highest possible consideration. It has not the endorsement of a large number of men and women who have given most serious thought to the problems of labor and industry. Those who have been heard from through a skilfully organized press propaganda are but a small group of the vast majority of the American people, to whose vital interest it is that the facts of the situation should be thoroughly understood. In its final analysis the propaganda is primarily a

measure in behalf of the efforts of the Socialistic Party, as best illustrated by the official statement by Dr. I. M. Rubinow, who was the official spokesman of the Socialistic Party on the occasion of the Congressional Hearings on Social Insurance, and who, in the American Labor Year Book for 1916, states that "whether health insurance is to become a real force for the betterment of the conditions of the wage-worker's life or whether it is to remain, like the American compensation legislation, a mere sop to the wage-worker, will largely depend upon the activity of the socialist movement." Thus favored by the Socialist Labor Party and opposed by the American Federation of Labor, the propaganda is made to rest upon the skilful and persistent dissemination of fallacies and falsehoods which are a matter of official record, and which can not be explained away.

The entire propaganda for compulsory health insurance is really an audacious attempt on the part of a very small group of men not representative of labor, industry or the public at large, to force upon the American people a system of state insurance resting upon the principle of coercion in matters which have heretofore been properly considered solely of private or individual concern. By asserting what is not true the impression is being created that there is the utmost urgency for the establishment of compulsory health insurance largely because of thoroughly unsatisfactory economic conditions on the one hand, and thoroughly unsatisfactory conditions of health and medical treatment on the other. The argument is made to rest upon unsupported assertions that European systems of social insurance have been an unqualified success, regardless of the fact that no thoroughly qualified and impartial investigation of European systems has been made by the United States government or through private enterprise. What has been published on the subject represents largely a reiteration of German official opinion, and not the results of an impartial analysis of the facts of insurance experience and social and economic problems more or less related thereto.

It has been well said of the National Insurance Act of Great Britain, in *The Hospital*, of November 18, 1916, that "it is difficult to imagine anything less businesslike than the manner in which national health insurance matters are being treated at the present time by the responsible officials." Comparing the present with the past, when contrary to good judgment a national health insurance act was forced upon the people, the same publication, which is of the highest standing, raises the question whether national insurance is once more "to be the plaything of party politics." And in connection therewith it is pointed out that it becomes increasingly difficult "to understand why needed business reforms are not carried out in a businesslike way." That much is wrong with the administration of the act is emphasized in the assertion that "the required valuations have not been made because of the fore-

gone conclusion that a large number of deficiencies would be brought to light." The question is asked whether "it is to prevent a rude awakening to the nation that the valuations have been postponed," and in conclusion it is well said that "the state subsidies are provided from taxes and taxpayers have a right to know that their money is being spent economically and to the best advantage; while the prevention and cure of sickness among the insured population should be reflected in better conditions of life even among those who are not insured."

In its final analysis compulsory health insurance is primarily a question of taxation. Twenty per cent. of the cost is to be paid out of general revenues for the specific benefit of a selected group. Dr. I. M. Rubinow and others habitually refer to this group as the "working class." In a free democracy class distinctions are contrary to the fundamental principles of a republican form of government. The twenty per cent. contribution is merely poor relief under another name. It is indirect taxation in its most pernicious form. Forty per cent. of the cost is to be paid by industry, although no evidence has been forthcoming that industrial conditions are to anything like this degree responsible for the amount of ill health prevailing among American wage-earners at the present time. In so far as occupational or industrial diseases prevail in any particular group of employments the burden of compensation should rest in its entirety upon that industry and not upon either the wage-workers or the public at large. There is no evidence, however, that American industry is in any measurable degree responsible for general ill health, and the proof is fairly conclusive that occupational diseases are much less common in this country than in Europe, regardless of the establishment of compulsory health insurance. For these and many other reasons the contemplated legislation on compulsory health insurance should be consistently opposed as contrary to the fundamental principles of a republican form of government and as inimical to the best interests of American wage-workers and the public at large.

LIFE INSURANCE AS A BASIS OF SOCIAL ECONOMY

By HALEY FISKE

VICE-PRESIDENT OF THE METROPOLITAN LIFE INSURANCE COMPANY

WHILE the topic assigned to me is "Life Insurance, its Social and Economic Basis," I have reason to believe that what the chairman had in mind was to have some observations made upon life insurance as the basis of social economy. This is a very interesting subject, and life insurance is not looked upon as often as it deserves from this point of view. Very few recognize how intimately life insurance enters